

HONOLULU STAR BULLETIN (HI)
23 June 1984

Not Paid in 10 Months Rewald's Lawyer Wants Out

By Charles Memminger
Star-Bulletin Writer

Ronald Rewald's civil attorney wants to withdraw as Rewald's legal counsel but the administrator of Rewald's bankrupt investment company plans to fight the move.

Robert Smith said he has "gone as far as I can go" without being paid for his work. Smith has represented Rewald for 10 months, challenging the court-ordered bankruptcy of Bishop, Baldwin, Rewald, Dillingham & Wong. Since all of Rewald's assets have been frozen by a court order, Rewald is unable to pay his legal counsel.

Smith said he regrets having to withdraw and that it has nothing to do with "any impending federal criminal charges" or the merits of Rewald's \$671 million suit against the CIA.

"I simply cannot continue to (represent Rewald) any longer and must now turn my full attention to other cases that will generate income."

Smith said he will represent Rewald in the appeal of the forced bankruptcy.

But Thomas Hayes, bankruptcy administrator, said he will fight Smith's plan to pull out of the case because it would delay a July 26 court hearing on whether Rewald will have to turn over all of his assets to the bankrupt estate.

BANKRUPTCY officials contend that Rewald used investors' money to pay for his lavish lifestyle. They believe everything Rewald owned, including his house, cars, art work, jewelry and other personal items, should be sold to benefit investors.

Hayes said he offered \$75,000 to Rewald to settle the matter out of court but that Rewald, on Smith's advice, asked for \$300,000. Hayes refused to pay that amount, forcing the estate attorneys to prepare to go to court. So far, it has cost the estate \$50,000 to prepare its case, Hayes said.

"To allow him to withdraw and delay the hearing would be improper and unfair," said Hayes.

Meanwhile, Rewald and his defunct investment company have become entangled in a Virginia federal court case involving a man charged with spying for the Soviet Union.

Richard Craig Smith is accused of providing the identities of six U.S. double agents to a Soviet

KGB officer in Tokyo in exchange for \$11,000. Smith contends he was working for the CIA and says he made contact with two CIA agents through phone calls to Bishop, Baldwin, Rewald, Dillingham & Wong.

SMITH'S lawyers think that Bishop, Baldwin records will prove that Smith is telling the truth and asked a federal judge to allow them to review records that have been sealed here on national security grounds.

On Wednesday U.S. District Judge Richard L. Williams in Alexandria, Va., directed the government "to make a diligent search of its records and produce the . . . documents, if they exist."

Hayes said he was to meet

today with Smith's attorney, Brent Carruth, to discuss what records Carruth wants to see. But Hayes said there is nothing in Rewald's files pertaining to Smith and said a secret phone line Smith allegedly used to contact the CIA actually was one of two main Bishop, Baldwin numbers.

"If he thinks that is the spook number, he's got the wrong number," Hayes said. "He could have called me and I could have saved him a trip out here. Maybe he just wanted a trip to Hawaii."

Hayes said the CIA contact phone, listed under Canadian Far East Trading Corp., was in Rewald's office. That line was disconnected in November 1982, about the same time Smith claims he called Bishop, Baldwin.